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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92057344
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Cloudpath Networks, Inc.,

Petitioner,

- against -

Racemi, Inc.,

Registrant.

Cancellation No.: 92057344

August 29, 2015

**PETITIONER’S REBUTTAL BRIEF
NON-CONFIDENTIAL VERSION**

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I. Cloudpath's Reply to Racemi's Statement Regarding the Record

To the extent Racemi has any remaining objections to materials submitted during Cloudpath's trial period as stated in *Registrant's Motion to Strike Petitioner's Notice of Reliance*, (TTABVUE 25) Cloudpath asserts that it has responded to Racemi's objections in *Petitioner's Opposition to Registrant's Motion to Strike* (TTABVUE 27) and *Petitioner's Supplemental Notice of Reliance* (TTABVUE 28), and requests that the Board consider Petitioner's objection responses stated therein.

II. Cloudpath's Reply to Racemi's Arguments Regarding DuPont Factors

A. Whether Cloudpath's CLOUDPATH mark is inherently or commercially weak is not a determining factor in this analysis.

In Racemi's Brief, Racemi argues that Cloudpath's CLOUDPATH mark is both inherently and commercially weak. However, while Racemi states that "inherent strength" and "commercial strength" are "at the core of several of the factors appearing within the list of *duPont* factors, other precedents of this board, and in the body of trademark jurisprudence," Racemi fails to specify which *duPont* factors regard inherent and commercial strength as a core consideration, or cite any cases on point.

Though the inquiries of inherent strength and commercial strength are relevant to other aspects of trademark law, such as trademark infringement or dilution claims, or a refusal of registration for mere descriptiveness, they are not a specifically listed factor in the *duPont* likelihood of confusion analysis and are not relevant here. Additionally, Racemi points to Cloudpath's revenues and customer base as support for the proposition that the

CLOUDPATH mark is commercially weak. However, Racemi presented no evidence as to whether Cloudpath's revenues of several million dollars per year, or its hundreds of customers and thousands of users, should be considered "commercially weak" and the strength of Cloudpath's mark is unchallenged in the record. In fact, Racemi took no testimony and submitted no evidence in a Notice of Reliance in this case. The only facts Racemi has to support its contention are Cloudpath's revenues and number of customers, provided in Cloudpath's testimony. In that same testimony, Cloudpath did submit evidence that the CLOUDPATH mark was well-known and well-regarded by its potential purchasers. (*See, e.g.*, 29 TTABVUE 62, regarding award recognition, 29 TTABVUE 23, regarding customer name recognition). Racemi has no evidence regarding whether Cloudpath's revenues or number of customers indicates anything about the level of commercial strength of Cloudpath's mark. As a result, Racemi's conclusion is based entirely on attorney argument, and should be entitled to no weight.

Racemi argues that because Cloudpath's mark is supposedly weak, it is unlikely that there is a likelihood of confusion because the goods and services are not related. Racemi's contention that the services are unrelated relies on the argument that their services fall outside the scope of Cloudpath's registration. However, Racemi has failed to explain or provide any evidence to show how Racemi's services fall outside the scope of Cloudpath's description of goods and services, as Cloudpath outlined step-by-step in its brief (32 TTABVUE 32-34). Though Cloudpath disputes Racemi's argument that the CLOUDPATH mark is either inherently or commercially weak, even a weak mark is entitled to protection against the registration of a similar mark for closely related goods and services, particularly where, as here, the marks are essentially identical. TMEP §1207.01(b)(ix), citing *King*

Candy Co. v. Eunice King's Kitchen, Inc., 496 F.2d 1400, 1401, 182 USPQ 108, 109 (C.C.P.A. 1974).

B. Not all of Cloudpath and Racemi's purchasers are sophisticated or use careful consideration

Racemi argues in its brief that “students and meeting attendees are neither the purchasers of, nor the purchase decision-makers for” Cloudpath’s services. Cloudpath agrees and did not ever argue that students or meeting attendees are the purchasers or purchase decision-makers. Cloudpath agrees that IT professional purchasers are relevant, and are among the types of customers that both Racemi and Cloudpath sell to. But as stated in Cloudpath’s brief, not all such IT professionals are necessarily sophisticated. This Board has held, and the Federal Circuit has affirmed, that TTAB precedent requires the decision to be based on the “least sophisticated potential purchasers.” *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317, 1325, 110 USPQ2d 1157, 1163 (Fed. Cir. 2014). Even though Racemi argues that most of its purchasers are its “partners,” Racemi admits that it provides its services to direct customers such as IT administrators and system administrators. Therefore, even if a likelihood of confusion is most likely to apply to certain subset of Cloudpath and Racemi’s customers, a likelihood of confusion still exists.

C. Cloudpath and Racemi need not be directly competitive for their offerings to be likely to cause confusion.

Though Racemi argues that Cloudpath and Racemi are not direct competitors, it is well established that “the goods and/or services do not have to be identical or even competitive in order to find that there is a likelihood of confusion.” TMEP §1207.01(a), citing *In re Iolo Techs., LLC*, 95 USPQ2d 1498, 1499 (TTAB 2010); *In re G.B.I. Tile & Stone, Inc.*, 92

USPQ2d 1366, 1368 (TTAB 2009). “The issue is not whether the goods and/or services will be confused with each other, but rather whether the public will be confused as to their source.” TMEP §1207.01(a), citing *Recot Inc. v. M.C. Becton*, 214 F.3d 1322, 1329, 54 USPQ2d 1894, 1898 (Fed. Cir. 2000) “[E]ven if the goods in question are different from, and thus not related to, one another in kind, the same goods can be related in the mind of the consuming public as to the origin of the goods. It is this sense of relatedness that matters in the likelihood of confusion analysis.”); TMEP §1207.01(a) *In re Shell Oil Co.*, 992 F.2d 1204, 1207, 26 USPQ2d 1687, 1689 (Fed. Cir. 1993); *Safety-Kleen Corp. v. Dresser Indus., Inc.*, 518 F.2d 1399, 1403–04, 186 USPQ 476, 480 (C.C.P.A. 1975); *In re Ass’n of the U.S. Army*, 85 USPQ2d 1264, 1270 (TTAB 2007). “It is sufficient that the goods and/or services of the applicant and the registrant are related in some manner or that the conditions surrounding their marketing are such that they are likely to be encountered by the same persons under circumstances that, because of the marks used in connection therewith, would lead to the mistaken belief that they originate from the same source.” TMEP §1207.01(a), citing *On-line Careline Inc. v. America Online Inc.*, 229 F.3d 1080, 56 USPQ2d 1471 (Fed. Cir. 2000).

While Racemi lists its server migration competitors to attempt to distinguish its customer base, direct competition is not required to establish likelihood of confusion. Racemi also argues that the services are not related because “server migration” and “onboarding” are known to some IT professionals be two different kinds of services. However, Cloudpath has provided evidence, in the form of Kevin Koster’s testimony, that a server is essentially just another name for a computer, that the term “migrate” means “to move from one place to another,” and that moving computers from one network to another

is what Cloudpath technically and literally does. Racemi has provided no evidence that “server migration” and “onboarding” are understood to be totally different concepts by IT professionals, let alone that two kinds of processes of moving computers to different networks (i.e., server migration and onboarding) are understood to be unrelated.

Furthermore, and contrary to Racemi’s position, Racemi and Cloudpath share, among other channels, one very specific, narrow channel of trade commonly used by both Cloudpath and Racemi customers: that channel which comprises an IT professional pulling up a search engine website and searching for the very words “Cloudpath” or “Cloud path” in order to find the services they are looking for. As shown in Cloudpath’s brief (32 TTABVUE 13), in this channel of trade, both Racemi and Cloudpath are presented next to each other in front of potential purchasers. Again, Racemi has presented no evidence to contradict these facts.

D. Actual confusion as to the source of goods and services has been shown.

Racemi asserts that Cloudpath relies on inadmissible hearsay evidence to prove that actual confusion occurred when Mr. Finneran mistakenly pulled the Racemi Cloud Path logo from the internet. In its brief, Cloudpath states that Mr. Koster testified that “Mr. Finneran was apologetic,” (32 TTABVUE 28, citing testimony at 29 TTABVUE 99-100), which is not hearsay because “Mr. Finneran was apologetic” is not a statement by a declarant. Mr. Koster described only his impression of Mr. Finneran from his personal knowledge at the time. Further, Cloudpath’s Brief, and Mr. Koster’s cited testimony is consistent with the contention that Mr. Finneran “indicated he must have grabbed the incorrect” logo (32 TTABVUE 28, citing 29 TTABVUE 99-100). Mr. Koster’s testimony is not hearsay because Mr. Koster’s statement of what he heard from Mr. Finneran is not

offered for the truth of the matter asserted, but is offered simply to show that it was said. It does not matter who—Mr. Finneran or anyone else—actually pulled the logo off the internet. Most importantly, Mr. Koster testified that he personally saw the incorrect and confused logo on Mr. Finneran’s slides. He testified that Mr. Finneran, a consultant who was very familiar with Cloudpath Networks, presented the wrong logo, talked about Cloudpath Networks, and didn’t even notice that it was the wrong logo. Mr. Finneran—a consultant, who is a potential purchaser of both Racemi’s and Cloudpath’s services—was confused. He thought that the Racemi Cloud Path mark indicated the source of Cloudpath Network’s services. Because an ordinary purchaser was actually confused as to the source of services, actual confusion exists.

Petitioner respectfully requests that in view of the above responses to Racemi’s arguments, in combination with the arguments previously presented by Petitioner in its main brief, that this Board hold that there is a likelihood of confusion between Cloudpath Network’s CLOUDPATH mark and Racemi’s CLOUD PATH mark, and cancel Racemi’s registration.

III. Racemi’s Registration is void *ab initio*.

A. Cloudpath’s Petition to Cancel sufficiently pleads the facts required under F.R.C.P. 8(a).

Under 37 C.F. R. §2.116(a), “except as otherwise provided, and wherever applicable and appropriate, procedure and practice in inter partes proceedings shall be governed by the Federal Rules of Civil Procedure.” Federal Rule of Civil Procedure 8(a)(2) states that a pleading that states a claim for relief must contain “a short and plain statement of the claim showing that the pleader is entitled to relief.” In Cloudpath’s *Petition to Cancel*, paragraph 6, Cloudpath stated that “Upon information and belief, Registrant made *no*

valid use of the CLOUD PATH mark for the registered services prior to the *registration* or first use of Petitioner's CLOUDPATH mark.”

Although Cloudpath originally pleaded the statement in paragraph 6 in conjunction with paragraph 5 of the *Petition to Cancel* in order to establish a claim of *priority* under 2(d), the facts in this particular case make paragraph 6 sufficient to put Racemi on notice that the date of the provision of Racemi's services would be at issue. Cloudpath's CLOUDPATH registration was granted on October 25, 2011. Racemi's CLOUD PATH filing date was October 31, 2011, under “use in commerce.” Only two facts are necessary to establish a claim of priority under 2(d): the priority date of a first registration and the first valid use of a later mark or registration. Similarly, only two facts are necessary to establish whether a mark is void *ab initio* under 1(a): the filing date of the challenged registration, and the first valid use of the mark. Therefore, under both a claim of priority under 2(d) and a claim of the mark being void *ab initio* under 1(a), the same fact—a first valid use date—must be proven. Because the dates of Cloudpath's registration and Racemi's filing are so close, Racemi should have been aware, based on paragraph 6 of the *Petition to Cancel*, that the dates of actual use in commerce on or around those dates would be at issue.

While paragraph 6 of Cloudpath's *Petition to Cancel* did not specifically state the statute (section 2(d) or section 1(a)) that the facts in the pleading referred to, such a statement of the statute is not required under F.R.C.P. 8(a). Therefore, when Cloudpath pleaded in its *Petition to Cancel* that Racemi made no valid use of its CLOUD PATH mark prior to Cloudpath's CLOUDPATH registration (which occurred on October 25th), Racemi had sufficient notice that establishing a valid first use date would be an issue at

trial. Under F.R.C.P 8(a), the facts stated in paragraph 6 of Cloudpath's *Petition to Cancel* should be deemed a sufficient short and plain statement of the claim showing that the pleader is entitled to relief.

B. The issues under 1(a) were tried by at least implied consent, and therefore the pleadings should be treated as amended under F.R.C.P. 15(b).

In the event that the Board disagrees with Petitioner that the *Petition to Cancel* should be construed to have pled the claim under 1(a) initially, Petitioner submits that the issues under 1(a) were tried under implied consent. F.R.C.P. 15(b) states that "when an issue not raised by the pleadings is tried by the parties' express or implied consent, it must be treated in all respects as if raised in the pleadings. A party may move—at any time, even after judgment—to amend the pleadings to conform them to the evidence and to raise an unpleaded issue. But failure to amend does not affect the result of the trial of that issue." In this case, Cloudpath tried the issue of the actual date of the first provision of services by serving discovery directed toward it and asking Racemi questions about it during depositions.

In particular, Cloudpath asked Racemi during discovery several times, and in several ways, to establish facts surrounding a first use date, a first use in commerce date, and a first actual provision of services. In Cloudpath's first set of interrogatories, Cloudpath asked in Interrogatory #5 for Racemi to identify the first use date of goods and services under the CLOUD PATH mark. Racemi replied in its response that it began offering server migration services in or about August 2011 (18 TTABVUE 204). Cloudpath also asked, in Interrogatory #6, the dollar amount of annual sales of goods and

time in the brief. Additionally, Racemi cites *Kohler Co. v. Baldwin Hardware Corp.*, 82 USPQ2D 1100, 1103 n.3 (TTAB 2007) to support its contention that Cloudpath's argument is "manifestly untimely." However, the unpleaded claim at issue in *Kohler* was fraud. Even before the heightened standard for proving fraud was introduced in *In re Bose Corp.*, 91 USPQ2d 1938 (Fed Cir. 2009), the facts required to plead fraud were already extensive. The facts required to plead fraud under 1(a) or 1(b) include stating, among other things, that a person made a statement to the USPTO, that the facts recited in the application are accurate, that the mark was in use in commerce (or the applicant had a bona fide intent to use to mark in commerce), and that such statements were false or misleading. Since the Federal Circuit's ruling in *In re Bose*, plaintiffs have additionally been required to plead, and prove, that the applicant had an intent to deceive the USPTO. In contrast, the only facts required to plead that the mark was not used in commerce by the application filing date are 1) the application filing date and 2) the date of provision of actual services. Therefore, the fact that a plaintiff did not plead fraud in *Kohler*, and argued the claim of fraud for the first time in the brief is distinguishable from the present case, wherein the claim of "void *ab initio*" was pleaded by stating the two necessary facts and the issue was tried. Petitioner's argument that Racemi's registration is void *ab initio* is not untimely.

D. In the interests of fairness and expediency, Cloudpath should be permitted to amend the pleadings if necessary, because Racemi will not be prejudiced.

Regarding amendments during and after trial, F.R.C.P. Rule 15(b)(1) states that "If, at trial, a party objects that evidence is not within the issues raised in the pleadings, the court may permit the pleadings to be amended. The court should freely

permit an amendment when doing so will aid in presenting the merits and the objecting party fails to satisfy the court that the evidence would prejudice that party's action or defense on the merits. The court may grant a continuance to enable the objecting party to meet the evidence.” As stated earlier, Rule 15(b)(2) states that for issues tried by consent, “a party may move, at any time—even after judgment—to amend the pleadings to conform them to the evidence.” Fairness dictates whether leave should be granted to amend, and includes consideration of whether allowing a plaintiff to amend would be prejudicial to the opposing party. Petitioner notes that the Federal Circuit only recently decided *Couture v. Playdom, Inc.*, No. 14-1480 (Fed. Cir. 2015) in March of 2015, while this cancellation proceeding was pending, in which it held for the first time that a mark is void *ab initio* if services are not actually rendered before the application filing date. Nonetheless, in the present case, it is not unfair to expect Racemi to know that the issue of dates of first use, first use in commerce, and the actual provision of services would be raised, because these issues are directly related to the issue of priority. It would not be prejudicial to Racemi to face this question now, because the facts show that Racemi did not in fact provide services before its application date. If Racemi were able to show that it did provide services before the application date, it would have already done so because Cloudpath has asked repeatedly for that information during discovery. The facts on whether the mark is void *ab initio* are available now, Racemi should not have anything further to contribute, and this Board is therefore able to consider the 1(a) issue on the merits.

Petitioner is submitting a Motion to Amend the Pleadings and an Amended Petition to Cancel in the event that the Board requires them. In view of the above

responses to Registrant's arguments, and in further consideration of Petitioner's Main Brief regarding whether Registrant's mark is void *ab initio* under 1(a), Petitioner submits that the Board should rule in Petitioner's favor under this issue and cancel Racemi's registration.

IV. Conclusion

Petitioner respectfully requests that in view of the record and the briefs of both parties in this case, that the Board cancel Registration No. 4,174,640 for CLOUD PATH, issued to Racemi, Inc., under sections 2(d) and 1(a) of the Lanham Act.

Respectfully Submitted,

/Craig A. Neugeboren/

Dated: August 29, 2015

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Certificate of Service

I certify that on August 29, 2015, I had the foregoing documents served on Mr. Larry Jones, counsel for Racemi, Inc. via email, pursuant to an agreement between the parties to serve all such documents electronically.

/Craig A. Neugeboren/

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